

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KENTUCKY UTILITIES)
COMPANY, KENTUCKY ASSOCIATION FOR)
COMMUNITY ACTION, INC., AND COMMUNITY)
ACTION COUNCIL FOR LEXINGTON-FAYETTE,) CASE NO.2004-00303
BOURBON, HARRISON AND NICHOLAS)
COUNTIES, INC. FOR THE ESTABLISHMENT)
OF A HOME ENERGY ASSISTANCE PROGRAM)

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OCT 25 2004
PUBLIC SERVICE
COMMISSION

and

JOINT APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY, METRO HUMAN NEEDS)
ALLIANCE, INC., PEOPLE ORGANIZED AND)
WORKING FOR ENERGY REFORM, AND) CASE NO. 2004-00304
KENTUCKY ASSOCIATION FOR COMMUNITY)
ACTION, INC. FOR THE ESTABLISHMENT OF A)
HOME ENERGY ASSISTANCE PROGRAM)

COMMENTS OF THE ATTORNEY GENERAL

The Attorney General participated fully in the negotiations among the parties which lead to the unanimous portion of the Partial Settlement Agreement, Stipulation and Recommendation that agreed to the implementation of an HEA for each of the KU and LG&E service areas. While he continues to ask the PSC to set aside the amount of the rate increase, he has not sought to have those issues upon which the parties were unanimously agreed set aside. Further, given that the Attorney General's filed testimony indicated that he finds at least some level of a rate increase to be appropriate for each of the Companies, albeit one substantially less than that ultimately awarded by the Commission, he believes that it is appropriate to implement the non-contested aspects of the settlement now. It is impossible for collusion to taint that upon which all

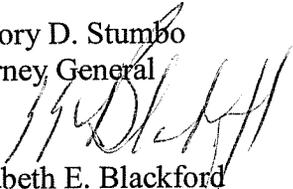
of the parties are unanimously agreed. Therefore, there is no reason to avoid moving forward with the implementation of the HEA programs.

The Attorney General participated fully in the negotiations resulting in the establishment of the terms upon which the programs were to be initiated and administered. As a result of that participation, he is satisfied that the proposed programs achieve the benefit they are intended to provide at the least cost realistically available, recognizing that the two service areas have different programs and facilities in place which might serve to administer the programs. He is also satisfied that the agencies who will serve in each service territory do not have the readily apparent ability to implement a program that is the same in all or even most of its detail as that of the other service territory without substantial added administrative cost for one or the other.

While total uniformity in the terms of the programs and in their administration would be ideal and would make for greater ease in regulatory oversight, little about the programs and service of any two given utilities, even sister utilities, is exactly alike for both companies. The particular aspects of service for each utility must meet the conditions present for that utility. Therefore, the fact that these two programs are quite different based on the differing nature of both the customers present in each of the service areas and the differing agencies available to administer the programs is not cause to deny the applications for the implementation of these HEAs.

Respectfully submitted

Gregory D. Stumbo
Attorney General



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NOTICE OF FILING AND CERTIFICATION OF SERVICE

I hereby give notice that I have filed the original and ten true copies of the foregoing with the Executive Director of the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 this the 25th day of October, 2004 and certify that this same day I have served the parties by mailing a true copy, postage prepaid, to the following:

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